

1997 Talking Points 1997-99 Operating Budget

1997-99 Operating Budget (SSB 6062- partial veto & ESHB 2259 - passed Legislature)

The Republican Legislature approved a \$19.07 billion spending plan that establishes a responsible, sustainable framework for restoring public trust. To fully understand it, you have to go beyond the numbers. The budget:

- ✓Fully funds education
- ✓Reduces taxes by more than \$400 million, and
- ✓Begins a process to fundamentally rethink the way government does business

Although some have criticized this legislation for spending too little, others have said it spends too much. Here are the facts. The Senate's 1997-99 budget increases spending \$1.3 billion above the previous two-year spending plan — about 4 percent per year for the lowest percentage growth in 25 years.

Growth in school enrollments, prison population, medical-assistance cases and federal welfare cuts account for about \$800 million of that increase. The remaining \$600 million is targeted to improve public education in state schools, colleges and universities. The Legislature fulfilled its constitutional obligation to provide an education to every school-age child in the state. More importantly, we got back to basics and put our money where the students are: in the classroom.

◆TAX RELIEF

Washington will collect more money over the next two years than it can spend. That allowed Republican majorities to make tax relief for property owners and employers the session's first priority:

- ✓\$ 26 million to temporarily reduce state property taxes by almost 5 percent
- ✓\$195 million to permanently limit the growth in state property taxes
- ✓\$ 94 million to roll back B&O tax rates for service employers who had their taxes increased in 1993, and
- ✓More than \$ 50 million in other tax reductions

The budget leaves almost \$400 million in reserve even after funding tax relief and school enhancements. But this budget isn't just about taxes and spending. It's a new way for government to do business

◆RETHINKING GOVERNMENT

Because of the state spending limit, the growth in state spending has been cut in half, personal income is growing faster than state government spending and the number of state employees is declining compared to state population. But spending limits are useless unless the Legislature exercises discipline and restraint.

This budget picks up where I-601 left off and begins rethinking government to make it smaller and smarter. As a result, we'll get Washington and its taxpayers off the boom-and-bust revenue roller coaster. In the past, Legislatures spent every cent in good economic times and

were forced to cut programs and raise taxes when the economy was weak.

The 1997-99 state spending plan helps end this vicious cycle in several ways:

- ✓ It ends the practice of starting programs in the second year of a biennium
- ✓ Avoids the use of temporary savings to fund ongoing programs, and
- ✓ Provides cost-of-living increases on the first day of the budget period

By confronting the bad practices of the past, the Legislature avoids so-called bow waves. A bow wave is like assuming a \$300-per-month car payment in November. That car payment may cost only \$600 in the first year, but it will cost six times that amount in subsequent years.

From the start of the budget process, Republicans insisted that anyone who wanted to spend taxpayer money on something new, had to be willing to eliminate something old. As a result, we were able to save \$260 million by requiring state agencies to rethink programs, eliminate the ones that are ineffective and use best practices for essential services.

The 1997-99 state budget is a responsible budget. It is a sustainable budget. It is a Republican budget.